



BUDGET COMMITTEE



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**Senate Budget Committee Chairman Judd Gregg
Senate Floor Remarks on Higher Education Provisions of Deficit Reduction Act
December 20, 2005**

Unofficial Transcript

Senator Gregg: I want to respond quickly to the Senator from Massachusetts' points in a couple of areas. First, this deficit reduction bill, the purpose of which is to slow the rate of growth in entitlement programs, was a net bill. There are some major initiatives in this bill, especially in the area of education, which are new. They're fully paid for. The bill nets out to \$40 billion in deficit reduction. But the actual reductions in the bill exceed that by a considerable amount. And the new programmatic activity, which is fully paid for, in the student area is \$9 billion. \$9 billion of additional funding for student activity.

The Senator from Massachusetts says, well, we should give the best and the brightest an opportunity to participate and go to good colleges. We agree with that. And in fact we're doing something about it. We're following the proposals of John Adams, a Massachusetts individual of note who helped our country get started, and who considered public education and education generally to be the essence of how the American Dream is going to be fulfilled. And he was totally committed to a meritocracy.

We're saying in this bill that by creating this new program called "SMART", if you're a low-income student and you're focusing on math and science, we're going to give you a lot of help. A lot of help. If you can perform well in those two areas, you're going to get an opportunity to really succeed in this country. We're going to give you the support you need to succeed. We're going to give you \$4,000 a year on top of your Pell Grants, on top of your scholarships, on top of your borrowing capability. You have the potential to get \$4,000 a year in college if you're a math-science student who is low-income.

In addition, we forgive \$4 billion. We're going to reduce student loan taxes and fees by \$4 billion. And we're going to provide \$1.9 billion of loan forgiveness for people who go into special areas that we consider important. Specifically, teaching, primarily in the special education areas. This bill structures a \$17,500 loan forgiveness program for people who go into special-ed teaching. We recognize special-ed teachers. First, they're needed and they're put under special stress. Sure, this bill isn't as strong as what left the Senate, which actually was worked out in the HELP Committee. But that happens with the House. The House was at zero. We were at \$8 billion. And we ended up

essentially at \$4 billion. It's called a compromise. In that \$4 billion there are a lot of good initiatives in the area called the "SMART" program.

Now I would yield to the Senator from Massachusetts for purposes of a question.

Senator Kennedy: If the Senator would just outline, he said there was \$9 billion of additional aid and assistance to the students. If he would just outline those figures there, because they are in complete conflict with the information that we've had or that's been provided by the Department of Education. I hope he's not including in there the higher bank rates that students are going to have to pay or the increase in the origination fees, the fact that only 10% of the total needs-based population are going to benefit at all from the math and science program. If he wants to just provide it at some time and list it, I would be enormously grateful. We have not been able to find that.

Senator Gregg: Essentially the origination fees are being eliminated under this bill. The initiatives in this bill are initiatives which had bipartisan support, the "SMART" program specifically. The loan for college students is about \$3.7 billion. The lower fees charged to students will cause students to gain about \$4 billion in this bill. The program which extends the loan forgiveness program which I just mentioned to a number of different categories will generate about \$1.9 billion in this bill. That adds up to about \$9 billion initiative in this bill. We think this bill has some pretty positive initiatives.

Now, as to the loan rate, I didn't insist on staying at this loan rate. I think that came from the other side of the aisle; did it not? I believe it did. I think the Senator from Massachusetts is the person who basically has locked us into this fixed rate when it should be a variable rate. And the variable rate would save our students a lot more money. But unfortunately, my idea of going to the variable rate was rejected in Committee by, I believe, the Senator from Massachusetts wanting to stay at the fixed rate which costs -- how many billions did that cost students? Billions. Over \$5 billion, according to my staff. Now that's a back-of-the-envelope guess, but I think it's probably in the ballpark.

As to rates, I would just note that I would disagree with the policy in the bill, yes. I wish we had stayed with my policy and we'd save another \$5 billion. It would be up to \$14 billion that we would save students if that had happened.